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Business Report on Samsung

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Summary



Samsung Electronics emerged as flagship Company of the Samsung group, from its inception as a small export company in Korea. The company manufactures electronics, such as, phones, TV's, as well as, home appliances. It has grown to be one of the leading electronics companies in the world. Currently, the company's innovative products and its manufacturing processes are recognized all over the world. This is combined with its usability, innovative technology, and unique design, which has contributed to digital revolution. Samsung is continuing to design new product brands which meet customers' needs and also focus on meeting future consumer demands. The electronic company has also been taking an active role in corporate social responsibility through various activities such as sport events sponsorship, and culture and sporting activity grants with the main objective of reaching consumers. Currently, the company's timeline captures major milestones showing that the company has expanded its product lines and increased its revenue and market share. In addition, this demonstrates how the company has followed its mission of making lives of consumers better. Thus, the main aim of the business report is to analyze Samsung's business strategy focusing on the company's mission, vision, and values, the report will also analyze the company's external and internal analysis, stakeholder analysis, its functional strategy, business strategy, as well as, competitor's analysis. The study will also provide recommendations which can be implemented by the company in order to ensure that it gains competitive advantage over its rival firms.



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Introduction



Samsung is a multinational electronics and IT company having assembly plants and sales networks in more than 60 countries all over the world (Chhan 2007). It is one of the largest companies providing technology. Initially, the company began as a trading company exporting various commodities from South Korea to China, and later the company gradually expanded to become a multinational corporation. The name Samsung was associated with various types of business establishments, mostly in Korea and in different regions of the world. In the global arena, consumers associated the name Samsung with electronics, information technology, and development. In 1969, Samsung electronics emerged and began to acquire and manufacture different products including department stores and many more (Hooley et. al 2008). In addition, the company was destined to be considered as a household name to reach many countries. In 1970's the company began trading in the international market by acquiring most of the Korean semi-conductors, making it to be the leader in electronics manufacturer in Korea.

According to Jasmin (2008) the success of the Samsung as a technology provider continues to expand, after merging Samsung Semiconductors and IT. As a result, this paved way for its competitive edge in the global market with high technology products which has become staple in most households. It is expected that the development will continue through many years since the company is expanding beyond boundaries and

restructuring its business plan to accommodate the global market. In addition, the company continues to adopt new strategies in management. It has an excellent method of quality control, an aspect which has made the company successful in providing quality products in the global market. Today, Samsung is considered to be among the best technology providers, having quality workforce that is striving for excellence in their respective fields, making the company to be seen as a huge success in the IT industry. The company's secret of success is attributed to the constant improvement in its management structure and the adherence to the application of its philosophies.

Vision, Mission, Goals, Values

The company's vision is to lead the digital convergence revolution. As a global leader in electronic and information technology, Samsung is dedicated to provide a networked world market including core components, such as, communication devices home appliances, as well as, other products that will provide a total solution for the digital convergence era (Rusch 2003). Thus, Samsung focuses on networking devices together along with the streamlining productivity so as to maximize R&D return.

The company's vision for 2020 is to inspire the world and create a new feature. The company's new vision reflects the company's commitment to inspire its communities by leveraging three key strategies which incorporates new technology, innovative products as well as creative

solutions, and to create new value for the company's core networks, and other stakeholders. Through these efforts, the company seeks to contribute to a better world and a richer experience for its consumers. The mission of the company is to become a digital-e company (Samsung 2009).

On the other hand, the company's values include maintaining dignity and respect to all people through teamwork spirit. The company also seeks to invest in career and skill development. This also entails continuous improvement. In addition, Samsung strives to enhance social responsibility, and to maintain ethical standards in its operations. External analysis SWPT analysis is an important tool which is used by the company to understand its competitive advantage and where it stands in the market.

Strengths: In the IT and electronics industry, Samsung is recognized as a company which is technologically advanced since it has invested in technology (Jobber 2007). The products of the company are technologically advanced. The company initiated new product concepts in few months. In addition, its brands are recognized for quality products it offers to consumers through advanced technology. Samsung offers new innovative products through understanding the consumers' needs. The company heavily invests in technology and human resource. Furthermore, the company focuses more on producing innovative products and strives to keep the products to attract a larger market share. The other strength of the company is that it has well established brand equity (Steve 2006).

The company is continuously rethinking on its innovative strategies on its brands by adding more functions and updating its operations with the consumers' needs. On the other hand, the company targets mostly the youth by focusing, majorly, on functions of its products to target the clients. In addition, the price of most products produced by the company is lower when compared to other brands; hence, the pricing strategy has been considered to be a beneficial strategy, particularly in Asian nations, where other brands, such as, iPod are considered by the audience as mere luxuries; hence making Samsung's products to be seen as a lower price option. The market share of the company is also considered as well developed in Asian nations; hence making the company to expand and grow well.

The company has very many innovative products characterized with value added features which have been very successful in the IT and electronics industry. The other strength of the company is that it has a talented human capital. The company has talented and confident employees. In addition, the company boasts its ranking as one of the leaders in the IT industry and in the production of electronics and communication appliances. The other strength of the company is that it has loyal customers. In 2006, the company was awarded the Brandweek award for customer loyalty because of its brand designs and performance in the market. The other advantage of the company is that it enjoys good positioning in the electronics and communication industry against its rivals. On the other hand, the company maintains good relations with its suppliers and employees. The other advantage is that the company has a strong financial base and it is stable. In addition,

the company's production processes are consistent with the standards of the electronics and IT industry.

Weaknesses: The major challenge which the company faces is that it is not proactive when it comes to the introduction of new products in the market. The company takes a lot of time when it comes to attacking its competitors in the electronics and communication devices. However, the concentration of the company remains centered on few nations because it focuses more on European and US when compared to other regions. In addition, the other weakness which the company faces is that, even though, the company has a diversified and talented workforce, which is recognized as an asset to the organization, the company experiences many cultural and linguistic differences which cause group conflicts, as well as, interpersonal grudges. This leads to communication indifferences between workers who come from different regions of the world. Communication differences occur because the workforce comes from different cultural and social backgrounds. On the other hand, the company is seen to have a strong financial backing but the problem is that it does not concentrate on various areas of its core competencies. In the electronics and IT industry the company is facing strong competitors such as Nokia. In addition, the company should make improvements when defining its strategic objectives as well as vision and mission. When compared to its rivals such as Apple or Sony, the company's brand name is weaker since its rivals command a larger market share causing consumers to lean toward its competitors in the market.



Internal Analysis



Opportunities: The Company has strived to become distinctive from its rivals which has made it become competitive in the market; hence, gaining more market share for its products. Therefore, this is an opportunity for the company to expand its customer's base. On the other hand, the company enjoys its product variation since it designs unique products. This makes the company attract many clients and gain a more market share. On the other hand, the company is enjoying an increased demand for its products, particularly in Asian nations. In addition, the company greatly benefits from the changes made by its rivals, such as, Apple. This makes the company focus less on product change.

Threats: The company faces many threats in the market. For instance, increasing raw materials, intense competition, as well as, government regulations. The other threats which the company is high competition from rival firms such as Nokia. In addition, in the mobile phone sector, the company faces stiff competition due to the increase in new entrants of new technology firms. There are other challenges which the company faces, such as, lack of innovation that threatens its competitive advantage. The other threat the company faces is intensive competitors in the PC sectors. One more threat which the company faces is the introduction of multifunctional device which have a drastic effect in the market. The introduction of new products in the market which combines devices, such as, MP-3 players, makes consumers change



their attitude from buying the company's brands. Furthermore, additional functions to other brands are another threat to the company.

Stakeholder analysis



According to stakeholders' viewpoint, the company has emerged from recession which was experienced in 2009 to gain competitive advantage from its rivals. According to reports from Tenders Info (2009), the company recorded profits, and still hopes to continue its growth in the electronics products. However, the company should make efforts to keep watch on the fluctuating economy which is delicate. This poses detrimental effects to the company, for instance, in aspects of cost financing and the operation of other firms which are suppliers of the company.

The customer's analysis indicates that the implementation strategy of the company changes in relation to the processes and structure within the firm. On the other hand, the company uses qualitative techniques to encouraged clients to provide their views and real feelings, as well as, motivation towards the product. The impact of stakeholders' analysis is evident due to the emergence of environmentally conscious activities and the drive through corporate social responsibility. This has made the company to be receptive because of the fact that they are increasingly demanding more accountability and transparency. In addition, the direction taken by the company to grow is viewed from various perspectives such as, product life cycle, product diversification, price



level, as well as, product characteristics.

The company follows a unique strategy with an important business model which is considered to be unique in the electronics and the telecommunications industry. It should also be noted that the company's product development indicated a clear pattern of product life cycle. On the other hand, considering the price level perspective, the company's growth path started from its brands at the lowest end and increased with the increase in income, as well as, technological advancement. In addition, considering product diversification, the company operated in simple product structures, which were basically home appliances and TV's. However, the company later increased its operations. The other characteristic that the company indicates is the product path which was initially considered as a commodity product and was seen as insensitive to the company's brand name but considered as highly price elastic. Functional Strategy The company's name is used to present all business units of the Samsung group.

However, the company lacks the necessary similarity in most of its business units (Quelch & Harrington 2008). Therefore, Samsung should design a strong brand architecture system in order to define and monitor the link between various brands within the company's portfolio with the corporate brand. On the other hand, the brand architecture will also guide the company in acquiring new brands in order to enter the value segments of different markets. The company invested a lot of money. Though, the company seems to ignore the crucial aspect in building its brand. According to the literature on branding, a successful

brand provides the clients with, both, functional benefits, as well as, self expressive or emotional benefits. Currently, the company has emphasized on functional benefits by encompassing technology, contemporary designs coupled with exiting features. Samsung should ensure that its product brands would live independently, which also proves to be a great challenge.

Business Strategy

For many years, the company had been recognized as a cheap manufacturer of electronic goods and a leader in manufacturing of memory chips. However, years later the company repositioned itself to provide original home appliances. Today, the company's brand name has become popular like its rival companies, such as Sony. The company follows a simple business philosophy which integrates five core values. First, the company is dedicated to provide its employees with many opportunities to achieve their full potential. Second, the company is driven by passion to achieve excellence, as well as, commitment to manufacture the best products to its consumers. Also, the company emphasizes on innovation which is very crucial for achieving success and growth in the industry. In addition, the company anticipates the needs of its audience in order to ensure the achievement of its long-term success. Samsung operates in an ethical manner; hence, making integrity to be the foundation of the business. All business activities are conducted in an ethical manner, in order to ensure fairness for all, and to enhance transparency (Palenchar 2008).

The other important business strategy that makes the company successful is co-prosperity which is an opportunity to ensure that consumer's needs are met. This is combined with a dedication to corporate social responsibility, as well as, environmental responsibility.

Competitor Analysis



Once the company has studied the industry and the market, it is important to turn attention to competitor analysis (Close-Up Media, Inc. 2009). The competitor's segmentation is classified into demographic, behavioral segmentation, technological segmentation, and geographic segmentation. For instance, some of the mobile phone segment, Nokia is one of the rivals of Samsung. Nokia's target market includes trendy young people and professionals. It is important to note that at Nokia, consumers remain at the top of the company's priority (Kotler & Keller 2002). The company emphasizes on brand design, engagement of consumers, technology, and design. Therefore, in order to reach its target market, there are various strategies which are adopted by the company. For instance, the company's IT department focuses on real margin which is obtained from its mid to high end segments. On the other hand, Motorola's target market includes large business, common mobile phone users, the government, as well as, manufacturing enterprises (Kotler & Keller 2008).

It is also important to note that the high end Samsung products have features which other brands have but lack adequate quality in terms of

functionality, such as camera which is inbuilt in Sony Ericson (Philip et. al. 2009). Other important aspect to consider is the lack of durability and the features of friendliness which is a characteristic to other brands, such as, Nokia. In addition, the medium level Samsung phones have good display, but it lacks certain features when compared to other brands. In addition, when comparing prices, Samsung brands are expensive (Peter 2006). Thus, the low end phones are very expensive when compared to other brands of the same end mobiles. However, Samsung is seeking to come up with new innovative strategies to attract more audience. Though, the company's advantage over its competitors is its wide product range of high quality which is mainly intended to meet the needs of the clients.

Conclusion and recommendations



The company is performing well in the consumer electronics market but should aim at maximizing its market share. The company is regarded as a pioneer in the consumer electronics industry since it follows a bottom-up approach to growth and development by designing products which targets consumers of all income levels. These include the high end market, middle end market, as well as, low end market segments. After reviewing Samsung business report, it is important to note that the company is making efforts to increase its competitive advantage on the market. In addition, the management of the company should make efforts to ensure that the company advances in technology through innovative strategies by offering training to its employees on how to



handle consumers.

Therefore, it is highly recommended that the top management should develop a marketing strategy in order to be successful, and get the benefits of technology. If the company implements sound business strategies, as well as, marketing strategies, Samsung will be very successful in future. In addition, the company should re-design its business plan in order to ensure that its product brands are distinguished brand names. The company's management should strive hard to embark on generating growth in, both, qualitative and quantitative terms. Finally, Samsung should emphasize on strengthening its market and increase its brand value by designing high value and consumer oriented brands which meet the expectations of the target audience. Thus, it is necessary to adopt a holistic marketing strategy.

